

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 5756

COLUMBIA RIVER GORGE COMMISSION

Washington State Agency No. 460
Oregon State Agency No. 350

July 1, 1995 Through June 30, 1996

Issue Date: February 21, 1997

Notice of Filing and Transmittal
February 21, 1997

Notice is given that the attached document is the official post audit report of the Columbia River Gorge Commission for the period July 1, 1995, through June 30, 1996.

The report was prepared, filed and transmitted by the State Auditor's Office pursuant to Chapters 43.09 and 43.88 RCW.

Brian Sonntag
State Auditor

Copies transmitted to:

The Honorable Gary Locke, Governor
Johnathon Doherty, Executive Director, Columbia River Gorge Commission
Jan Brending, Administrative Assistant, Columbia River Gorge Commission
Stephanie Schutzler, Oregon Division of Audit
The Honorable Christine O. Gregoire, Attorney General
The Honorable Jim West, Chair, Senate Ways and Means Committee
The Honorable Tom Huff, Chair, House Appropriations Committee
The Honorable Don Waggoner, Oregon State Auditor
Cheryle Broom, Legislative Auditor, Joint Legislative Audit and Review Committee
G. Dewey Harris, Assistant Director, Statewide Accounting and Fiscal Services
Office of Financial Management
Mike O'Connell, Secretary, Washington State Senate
Tim Martin, Chief Clerk, House of Representatives
John Saunders, Staff Director, Office of IT Oversight, Department of Information Services
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Office of State Auditor

TABLE OF CONTENTS

	Page
Independent Auditor's Report On Compliance With State Laws And Regulations .	1
Independent Auditor's Report On Financial Statements	2
General-Purpose Financial Statements:	
Balance Sheet - General Fund And Account Group - 1996	3
Statement Of Revenues, Expenditures And Changes In Fund Balance - 1996	4
Statement Of Expenditures - Budget (Non-GAAP Basis) And Actual - General Fund - 1996	5
Notes To The Financial Statements	6

COLUMBIA RIVER GORGE COMMISSION
Washington State Agency No. 460
Oregon State Agency No. 350
July 1, 1995 Through June 30, 1996

Independent Auditor's Report On Compliance With State Laws And Regulations

Board of Commissioners
Columbia River Gorge Commission
White Salmon, Washington

We have audited the accompanying general-purpose financial statements of the Columbia River Gorge Commission, as of and for the fiscal year ended June 30, 1996. Our opinion on those statements is set forth in the financial section of this report. As part of our audit, we performed tests of the accounting records and transactions of the commission to obtain reasonable assurance regarding the commission's compliance with laws and regulations relating to its operations.

Compliance with these requirements is the responsibility of the Columbia River Gorge Commission's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the Attorney General. However, the objective of our audit of the general-purpose financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein.

This report is intended for the information of the management and to meet our statutory reporting obligations. However, this report is a matter of public record and its distribution is not limited.

BRIAN SONNTAG
WASHINGTON STATE AUDITOR

January 15, 1997

COLUMBIA RIVER GORGE COMMISSION
Washington State Agency No. 460
Oregon State Agency No. 350
July 1, 1995 Through June 30, 1996

Independent Auditor's Report On Financial Statements

Board of Commissioners
Columbia River Gorge Commission
White Salmon, Washington

We have audited the accompanying general-purpose financial statements of the Columbia River Gorge Commission, as of and for the fiscal year ended June 30, 1996, as listed in the table of contents. These general-purpose financial statements are the responsibility of the commission's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Columbia River Gorge Commission as of June 30, 1996, and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles.

BRIAN SONNTAG
WASHINGTON STATE AUDITOR

January 15, 1997

COLUMBIA RIVER GORGE COMMISSION
Washington State Agency No. 460
Oregon State Agency No. 350
Balance Sheet - General Fund And Account Groups
As Of June 30, 1996

	Govt'l		
	Funds	Account Groups	
	General Fund	General Long Term Debt	General Fixed Assets
<u>Assets</u>			
Due from Washington State	\$ 24,814	\$ -	\$ -
Due from Oregon State	54,528	-	-
Fixed Assets (Net)	-	-	-
Amount to be Provided for Long Term Obligations	-	30,667	-
Total Assets	\$ 79,342	\$ 30,667	\$ -
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts Payable	\$ 11,404	\$ -	\$ -
Salaries & Benefits Payable	14,920	-	-
Other Liabilities	455	-	-
Due to Other Agencies	4,314	-	-
Due to Washington State	48,249	-	-
Compensated Absences Payable	-	30,667	-
Total Liabilities	\$ 79,342	\$30,667	\$ -
Fund Equity:			
Investment in General Fixed Assets	\$ -	\$ -	\$ -
Fund Balance:			
Unreserved	-	-	-
Total Fund Equity Balance	\$ -	\$ -	\$ -
Total Liabilities & Fund Balance	\$ 79,342	\$30,667	\$ -

The Accompanying Notes Are An Integral Part of This Statement.

COLUMBIA RIVER GORGE COMMISSION
Washington State Agency No. 460
Oregon State Agency No. 350
Statement Of Revenues, Expenditures And Changes In Fund Balance
For The Fiscal Year Ended June 30, 1996

	Fiscal Year Ended <u>June 30, 1996</u>
<u>Revenues</u>	
Revenues From All Other Sources	
Washington	\$ -
Oregon	<u> -</u>
Total Revenues	\$ <u> -</u>
<u>Expenditures</u>	
Washington	\$ 293,814
Oregon	<u>257,715</u>
Total Expenditures	\$ <u>551,529</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (551,529)</u>
<u>Other Financing Sources/(Uses)</u>	
General Fund Appropriations:	
Washington	\$ 293,814
Oregon	<u>257,715</u>
Total Other Financing Sources/(Uses)	\$ <u>551,529</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	\$ <u> -</u>
Beginning Fund Balance	\$ <u> -</u>
Ending Fund Balance	<u>\$ -</u>

The Accompanying Notes Are An Integral Part of This Statement.

COLUMBIA RIVER GORGE COMMISSION

Washington State Agency No. 460

Oregon State Agency No. 350

**Statement Of Expenditures - Budget (Non-GAAP Basis) And Actual - General Fund
For The Fiscal Year Ended June 30, 1996**

	1995-1997 Budget	First Year Actual June 30, 1996	Second Year Balance
General Fund:			
Washington Appropriations	\$ 623,032	\$ 293,814	\$ 329,218
Oregon Appropriations	<u>556,375</u>	<u>257,715</u>	<u>298,660</u>
Total General Fund Appropriations	<u>\$ 1,179,407</u>	<u>\$ 551,529</u>	<u>\$ 627,878</u>

The Accompanying Notes Are An Integral Part of This Statement..

COLUMBIA RIVER GORGE COMMISSION
Washington State Agency No. 460
Oregon State Agency No. 350
Notes To The Financial Statements
For The Fiscal Year Ended June 30, 1996

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of Columbia River Gorge Commission (commission) have been prepared in conformity with generally accepted accounting principles (GAAP). The more significant of the state's accounting policies are as follows:

A. Reporting Entity

The commission is a regional agency authorized by Congress through the Columbia River Gorge National Scenic Area Act (PL 99-663) and created by the states of Washington and Oregon by interstate compact. The commission is comprised of 12 members from the two states and one member appointed by the US Secretary of Agriculture. Its primary role involves planning, consulting, and oversight in the implementation of the federal legislation. The commission has a staff of 10, all of whom are Washington state employees.

B. Basis of Presentation - Fund Accounting

The commission uses 1 fund and 2 account groups. The commission uses the fund and account groups to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The commission uses only one fund type. The general fund is used to account for all of Columbia River Gorge Commission's general activities.

Account Groups

The General Fixed Assets Account Group accounts for all fixed assets of the commission. The General Long-Term Debt account Group accounts for the commission's accrued compensated absences (accrued leave).

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The general fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for this fund present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) as changes in net current assets..

The modified accrual basis of accounting is used by the general fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Under modified accrual accounting, expenditures are recognized when the related fund liability is incurred. Exceptions to the general modified accrual expenditure recognition criteria include principal and interest on general long-term indebtedness which are recognized when due and compensated absences which are recognized when paid.

D. General Budgetary Policies and Procedures

The legal level of budgetary control is at the fund/account, agency and appropriation level, with administrative controls established at lower levels of detail in certain instances. Annual budgets are established at the state legislative level through an allotment process. All funding is provided by appropriations from the states of Washington and Oregon. There were no other sources of revenue during the period and no federal grants were received.

Commissioner compensation, including travel, is paid directly, and accounted for separately, by each state. All other commission expenditures are joint expenditures, which are shared equally by both states. These expenditures are processed, paid, and accounted for by the state of Washington. Oregon reimburses Washington for its 50 percent share.

E. Receivables

Receivables in the commission’s general fund consist primarily of moneys owed to the commission by Washington or Oregon State. Receivables are recorded when either the asset or revenue recognition criteria (See Note I:C) has been met.

F. Fixed Assets

Except as noted below, all fixed assets with a unit cost of \$5,000 or greater are capitalized and reported in the accompanying financial statements.

All purchased fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Fixed asset costs include the purchase price plus those costs necessary to place the asset in its intended location and condition for use.

Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Fixed assets in the general fund are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the general fund, and related assets (including construction projects not completed at the end of the accounting period) with the following characteristics are reported in the General Fixed Assets Account Group:

- a. Acquired for the production of general government services, not for the production of services that are sold.
- b. Have life expectancy of more than one year.
- c. Have a unit cost of \$5,000 or greater.

Depreciation expense of general fixed assets is not recorded.

G. Compensated Absences

Annual Leave and Sick Leave

Commission employees accrue vested annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 30 days at the employee's anniversary date. It is the commission's policy to liquidate unpaid annual leave at June 30 from future resources rather than currently available expendable resources.

Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested; i.e., the commission does not pay employees for unused sick leave upon termination except upon employee death or retirement. At death or retirement, the commission is liable for 25 percent of the employee's accumulated sick leave. In addition, the commission has a "sick leave buyout option" in which each January, employees who accumulate sick leave in excess of 60 days may redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave. It is the commission's policy to liquidate unpaid sick leave at June 30 from future resources rather than currently available expendable resources. Accordingly, the general fund recognizes sick leave when it is paid.

The commission has recorded an estimated leave buyout liability (\$30,667) at June 30, 1996 in the General Long-Term Debt Account Group.

H. Fund Equity

Fund equity represents the difference between fund assets and fund liabilities.

Note 2 - Retirement System

Commission employees are members of the Washington state retirement system. (Actuarial and other information of this system can be found in the Washington State Comprehensive Annual Financial Report.)

Note 3 - Summary of Significant Litigation

The Columbia River Gorge Commission is party to litigation in both Oregon and Washington state courts and federal court regarding implementation of the National Scenic Area Act. Some of these cases could result in a substantial determination of liability because the plaintiff seeks damages. At this time it is not possible to predict a probable outcome of these cases, nor to estimate the potential range of liability expense.